

Company Registration No. 3311052

DELOITTE MCS LIMITED

Report and Financial Statements

31 May 2011

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REPORT AND FINANCIAL STATEMENTS 2011

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REPORT AND FINANCIAL STATEMENTS 2011

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

S Griggs
R W Warburton

SECRETARY

Stonecutter Limited
Hill House
1 Little New Street
London
EC4A 3TR

REGISTERED OFFICE

Hill House
1 Little New Street
London
EC4A 3TR

BANKERS

Bank of Scotland
33 Old Broad Street
London
EC2N 1HZ

Barclays Bank Plc
1 Churchill Place
London
E14 5HP

AUDITORS

Grant Thornton UK LLP
Grant Thornton House
Melton Street
Euston Square
London NW1 2EP

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements of the company for the year ended 31 May 2011

BUSINESS REVIEW AND PRINCIPAL ACTIVITIES

The company is a wholly owned subsidiary of Deloitte LLP and operates as part of the group's consulting division

During the year, the company purchased certain administrative services, including the provision of premises from Deloitte LLP

The principal activity of the company is the provision of consulting services. There have not been any significant changes in the company's principal activities during the year under review. The directors are not aware, at the date of this report, of any likely major changes in the company's activities in the next year.

As shown in the company's profit and loss account on page 6, the company's revenue has increased over the prior year but profit after tax has decreased.

The balance sheet on page 7 of the financial statements shows that the company's financial position, in net asset terms, has improved.

Overall, the directors consider the performance of the company satisfactory and remain optimistic about the long term prospects for continued growth.

The Deloitte LLP group manages its operations on a divisional basis. For this reason, the company's directors believe that further key performance indicators for the company are not necessary or appropriate for an understanding of the development, performance or position of the business. The performance of the consulting division, which includes this company, is discussed in the group's Annual Report for the year ended 31 May 2011 which does not form part of this report.

PRINCIPAL RISKS AND UNCERTAINTIES

Competitive pressure within the UK is a continuing risk for the company, which could result in it losing revenue to its key competitors. The company looks to manage this risk by focusing on delivering quality to clients and achieving high standards in everything it does.

Revenue arises mainly in the UK, however the company is exposed to the movement in the Euro and US Dollar exchange rates on revenue generated in these currencies. The group does not hedge or enter into forward or derivative transactions and is exposed to translation and transaction foreign currency exchange risk.

The company has no third party debt and therefore no interest rate exposure.

Group risks are discussed in the group's Annual Report for the year ended 31 May 2011 which does not form part of this report.

RESULTS AND DIVIDENDS

Revenue for the year was £435,006,000 (2010 £367,348,000). The profit for the year before taxation was £858,000 (2010 £481,000).

At 31 May 2011 shareholder's funds were £20,347,000 (2010 £20,172,000). The directors do not recommend the payment of a dividend for the year (2010 £nil).

DIRECTORS' REPORT

DIRECTORS AND THEIR INTERESTS

The names of the directors who served during the year are shown below. All directors served throughout the year except as noted below.

J P Connolly (resigned 31 May 2011)
S R Counsell (resigned 30 June 2011)
S Griggs (appointed 1 June 2011)
D H Owen (resigned 31 May 2011)
R W Warburton

None of the directors had a beneficial interest in the share capital of the company at 31 May 2011 or any other group company apart from as a member of Deloitte LLP, except R W Warburton, and therefore had an indirect beneficial interest in the share capital of the company.

ENVIRONMENT

The Deloitte LLP group recognises the importance of its environmental responsibilities, monitors its impact on the environment, and designs and implements policies to reduce any damage that might be caused by the group's activities. The company operates in accordance with group policies, which are described in the group's Annual Report for the year ended 31 May 2011 which does not form part of this Report. Initiatives designed to minimise the group's impact on the environment include recycling, waste management, energy procurement and consumption, and greening the supply chain.

EMPLOYEES

Details of number of employees and related costs can be found in note 3 to the financial statements on page 10.

DISABLED EMPLOYEES

The company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person.

Where existing employees become disabled, it is the company's policy wherever practical to provide continuing employment under normal terms and conditions and to provide training and career development and promotion wherever appropriate.

EMPLOYEE INVOLVEMENT

The company seeks to inform and consult with managers and staff regularly by way of in-house publications, informal meetings, training courses and staff development seminars, so as to involve them in the success of the business and to reward their efforts accordingly.

TAXATION STATUS

In the opinion of the directors, the company is a close company within the provisions of Section 414 of the Income and Corporation Taxes Act 1988.

DIRECTORS' REPORT

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. In so far as each of the directors is aware

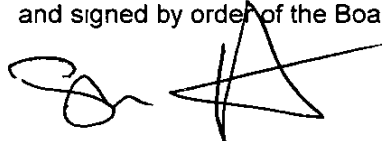
- there is no relevant audit information of which the company's auditors are unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

AUDITORS

Grant Thornton UK LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

Approved by the Board of Directors
and signed by order of the Board



S Griggs
Duly authorised, for and on behalf of
Stonecutter Limited
Secretary

17 October 2011

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DELOITTE MCS LIMITED

We have audited the financial statements of Deloitte MCS Limited for the year ended 31 May 2011 which comprise the profit and loss account, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 May 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

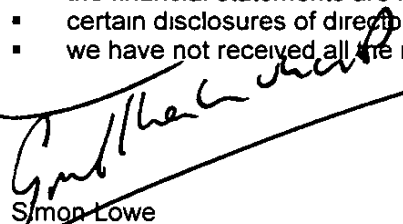
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.



Simon Lowe

Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London

17 October 2011

PROFIT AND LOSS ACCOUNT
For the year ended 31 May 2011

	Note	2011 £'000	2010 £'000
REVENUE	2	435,006	367,348
OPERATING COSTS			
External charges expenses and disbursements on client assignments		(74,647)	(62,434)
Staff costs	3	(176,849)	(147,382)
Depreciation and other amounts written off tangible fixed assets		(2,597)	(2,677)
Other operating expenses		(180,153)	(154,333)
OPERATING PROFIT		760	522
Net interest receivable / (payable)	4	98	(41)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	5	858	481
Taxation on profit on ordinary activities	6	(683)	582
PROFIT FOR THE FINANCIAL YEAR	14	175	1,063

All amounts are derived from continuing activities

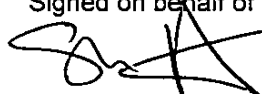
There are no recognised gains or losses for the current or prior year other than as stated above, and accordingly no statement of total recognised gains and losses is presented

BALANCE SHEET
As at 31 May 2011

	Note	2011 £'000	2010 £'000
FIXED ASSETS			
Intangible asset	7	2,050	2,410
Tangible assets	8	23,313	25,637
Investments	9	2,601	2,601
		<u>27,964</u>	<u>30,648</u>
CURRENT ASSETS			
Debtors	10	98,788	84,050
Cash at bank and in hand		1,361	47,865
		<u>100,149</u>	<u>131,915</u>
CREDITORS: amounts falling due within one year	11	<u>(106,320)</u>	<u>(140,955)</u>
NET CURRENT LIABILITIES		<u>(6,171)</u>	<u>(9,040)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>21,793</u>	<u>21,608</u>
PROVISION FOR LIABILITIES	12	<u>(1,446)</u>	<u>(1,436)</u>
NET ASSETS		<u>20,347</u>	<u>20,172</u>
CAPITAL AND RESERVES			
Called up share capital	13	4,261	4,261
Profit and loss account	14	16,086	15,911
SHAREHOLDER'S FUNDS	15	<u>20,347</u>	<u>20,172</u>

These financial statements of Deloitte MCS Limited, registered number 3311052, were approved by the Board of Directors and authorised for issue on 17 October 2011

Signed on behalf of the Board of Directors



S Griggs
Director

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 May 2011

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with United Kingdom law and accounting standards. The particular accounting policies adopted, which have been applied consistently throughout the current and preceding financial year, are described below.

Basis of accounting

The financial statements are prepared under the historical cost convention.

Going concern

The Board of Directors has, at the time of approving the financial statements, a reasonable expectation that Deloitte MCS Limited has adequate resources to continue in operational existence for the foreseeable future. Thus it continues to adopt the going concern basis of accounting in preparing the financial statements.

Consolidation

Under section 400 of the Companies Act 2006, the company has not prepared group financial statements because at 31 May 2011, the company is a wholly owned subsidiary of D&T Consulting Holdings Limited, a company registered in England and Wales. D&T Consulting Holdings Limited is itself a wholly owned subsidiary of Deloitte LLP, also registered in England and Wales. The results of D&T Consulting Holdings Limited, Deloitte MCS Limited and its subsidiaries are consolidated into the financial statements of Deloitte LLP.

These financial statements present information about the company as an individual undertaking and not about its group.

Cash flow statement

The company has taken advantage of the exemption rules under FRS 1 'Cash Flow Statements' and has not prepared a cash flow statement as the results of Deloitte MCS Limited are consolidated into the accounts of Deloitte LLP.

Intangible assets – goodwill

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its estimated useful economic life, which is 7 years. Provision is made for any impairment.

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on cost in equal annual instalments over the estimated useful lives of the assets. The rates of depreciation are as follows:

Freehold property	Over 50 years (land is not depreciated)
Fixtures and fittings	10% to 20% per annum
Leasehold improvements	Period of lease

Investments

Fixed asset investments are shown at cost less provision for any impairment.

Amounts to be billed to clients

Provision is made against unbilled amounts on those engagements where the right to receive payment is contingent on factors outside the control of the company. Unbilled revenue is included in debtors.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 May 2011

1. ACCOUNTING POLICIES (continued)

Foreign currency

Transactions undertaken in foreign currencies are translated at the rate of exchange ruling at the date of the transaction. Balances outstanding at the year end are translated at the exchange rate ruling at the balance sheet date. All translation differences are dealt with in the profit and loss account.

Current taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the lease term.

Retirement Benefits

The Deloitte LLP group, of which Deloitte MCS Limited is a wholly owned subsidiary, operated two main pension schemes for staff in which Deloitte MCS Limited participated, the Deloitte Pension Scheme and the Deloitte Retirement Plan. The Deloitte UK Pension Scheme contains two sections, the final salary section which is closed to new entrants and the money purchase section which is open to staff over the age of 30. The Deloitte Retirement Plan is a money purchase scheme which is also closed to new entrants. As of 31 May 2010 the Deloitte Retirement Plan members were transferred to the Retirement Plan section of the Deloitte UK Pension Scheme. The group also operates a stakeholder arrangement which is available for all employees including those of Deloitte MCS Limited.

The assets and liabilities of the pension schemes are held independently from the group.

Contributions to the defined contribution schemes are charged to the profit and loss account when they become payable. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Contributions to the defined benefit schemes are accounted for as if they were a defined contribution scheme as it is not possible to identify the Deloitte MCS Limited assets and liabilities in the scheme on a consistent and reasonable basis.

NOTES TO THE FINANCIAL STATEMENTS**For the year ended 31 May 2011****2. REVENUE, OPERATING PROFIT AND NET ASSETS**

Revenue represents amounts chargeable to clients for professional services provided during the year including recoverable expenses on client assignments but excluding Value Added Tax. Services provided to clients, which at the balance sheet date have not been billed to clients, have been recognised as revenue. Revenue recognised in this manner is based on an assessment of the fair value of the services provided at the balance sheet date as a proportion of the total value of the engagement. Revenue is only recognised where the company has a contractual right to receive consideration for work undertaken.

Revenue, operating profit and net assets originate in the United Kingdom.

The geographical analysis of revenue by destination is as follows:

	2011 £'000	2010 £'000
United Kingdom	339,305	286,532
Other EU	30,450	25,714
North America	47,851	40,408
Rest of World	17,400	14,694
	<u>435,006</u>	<u>367,348</u>

3. STAFF COSTS**Employees**

The average monthly number of people employed during the year (including directors) was:

	2011 No.	2010 No.
Fee earning staff	2,003	1,715
Support staff	110	92
	<u>2,113</u>	<u>1,807</u>

Staff costs incurred during the year in respect of these employees were:

	2011 £'000	2010 £'000
Salaries	153,270	128,001
Social security costs	17,459	14,575
Other pension costs	6,120	4,806
	<u>176,849</u>	<u>147,382</u>

Directors

All of the directors, except R W Warburton, were remunerated as members of Deloitte LLP. Except for R W Warburton none of the directors received any remuneration, from any source, for their services as directors of the company during the current or preceding year.

R W Warburton was remunerated by Deloitte Limited for his services as a director of a number of entities owned, either directly or indirectly, by Deloitte LLP. It is not practicable to allocate his remuneration between that earned between the entities in which he served as a director. Therefore, Deloitte Limited did not make any charge to other group companies in respect of his directorship or his services provided during the current or preceding year.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 May 2011

4. INTEREST RECEIVABLE / (PAYABLE)

	2011 £'000	2010 £'000
Interest receivable and similar income	98	139
Interest payable and similar charges	-	(180)
	<u>98</u>	<u>(41)</u>

5. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is after charging

	2011 £'000	2010 £'000
Depreciation and amortisation on owned assets		
- tangible fixed assets	2,597	2,677
Amortisation of goodwill	360	120
Operating lease payments		
- land and buildings	5,500	5,500
Auditors' remuneration		
- audit fees – Grant Thornton UK LLP	60	60
Service charge	98,889	95,637
Net foreign exchange loss / (gain)	2,847	(3,521)
	<u>2,847</u>	<u>(3,521)</u>

The service charge payable includes a charge for the services of the members of Deloitte LLP

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2011 £'000	2010 £'000
Total current tax	12,330	10,149
Compensating payment due from members of Deloitte LLP	(11,855)	(10,101)
Adjustment in respect of prior periods	198	(94)
	<u>673</u>	<u>(46)</u>
Deferred taxation – timing differences	10	(536)
	<u>683</u>	<u>(582)</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 May 2011

6. TAX ON PROFIT ON ORDINARY ACTIVITIES (continued)

The differences between the total current tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows

Profit on ordinary activities before tax	858	481
Tax on profit on ordinary activities at 27.67% (2010: 28%)	237	135
Factors affecting charge for the year		
Adjustment in respect of prior periods	198	(94)
Capital allowances in excess of depreciation	241	163
Disallowable expenditure	308	170
R&D tax relief credit	(311)	(420)
Total current tax	673	(46)

The UK corporation tax charge includes an additional amount as a result of UK transfer pricing legislation. The cost of this is offset by a compensating payment from the members of Deloitte LLP.

7. INTANGIBLE FIXED ASSETS

	Total £'000
Cost	
At 1 June 2010	2,530
At 31 May 2011	2,530
Amortisation	
At 1 June 2010	120
Charge for the year	360
At 31 May 2011	480
Net book value	
At 31 May 2011	2,050
At 31 May 2010	2,410

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 May 2011

8. TANGIBLE FIXED ASSETS

	Freehold property £'000	Fixtures and fittings £'000	Leasehold improvements £'000	Total £'000
Cost				
At 1 June 2010	1,198	685	35,395	37,278
Additions	-	2	297	299
Disposals	-	-	(48)	(48)
At 31 May 2011	<u>1,198</u>	<u>687</u>	<u>35,644</u>	<u>37,529</u>
Depreciation				
At 1 June 2010	90	443	11,108	11,641
Charge for the year	10	89	2,498	2,597
Disposals	-	-	(22)	(22)
At 31 May 2011	<u>100</u>	<u>532</u>	<u>13,584</u>	<u>14,216</u>
Net book value				
At 31 May 2011	<u>1,098</u>	<u>156</u>	<u>22,060</u>	<u>23,313</u>
At 31 May 2010	<u>1,108</u>	<u>242</u>	<u>24,287</u>	<u>25,637</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 May 2011

9. INVESTMENTS

	Shares in subsidiary undertakings £'000
Cost	
At 1 June 2010 and at 31 May 2011	4,261
Provision	
At 1 June 2010 and at 31 May 2011	1,660
Net book value	
At 31 May 2011 and at 31 May 2010	2,601

At 31 May 2011 the company had an interest in the following subsidiaries, all of which are registered in England and Wales

	Activity	Holding
Direct		
Praxis Software Engineering Limited	Holding company	100%
ICSD Holdings Limited	Holding company	100%
Indirect		
Praxis Limited	Non trading	100%
Praxis Pension Trustees Limited	Trustee company	100%
Program Validation Limited	Dormant	100%
Praxis Systems Limited	Dormant	100%
Praxis Warwick Limited	Dormant	100%
Praxis South East Limited	Dormant	100%
Praxis Business Systems Limited	Dormant	100%

The profit after tax and share capital and reserves at the balance sheet date were as follows

	Profit after tax £'000	Share capital and reserves £'000
Praxis Software Engineering Limited	-	2,601
Praxis Limited	-	2,524
Program Validation Limited	-	349
Praxis Systems Limited	-	42
Praxis Warwick Limited	-	48
Praxis South East Limited	-	(595)

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 May 2011

10. DEBTORS

	2011	2010
	£'000	£'000
Amounts to be billed to clients	20,935	17,072
Client debtors	59,345	60,328
Amounts due from other group undertakings	7,320	2,626
Amounts due from other member firms of the DTTL organisation	8,699	3,716
Other debtors	924	10
Prepayments and accrued income	1,565	298
	<u>98,788</u>	<u>84,050</u>

11. CREDITORS. amounts falling due within one year

	2011	2010
	£'000	£'000
Trade creditors	504	327
Amounts owed to other group undertakings	82,450	128,746
Amounts due to other member firms of the DTTL organisation	477	584
Corporation tax	6,629	2,527
Social security and other taxes	4,509	3,481
Other creditors	1,877	1,568
Accruals and deferred income	9,874	3,722
	<u>106,320</u>	<u>140,955</u>

12. PROVISIONS FOR LIABILITIES

	2011	2010
	£'000	£'000
Deferred taxation		
At 1 June 2010	1,436	1,972
Profit and loss account charge / (credit)	10	(536)
At 31 May 2011	<u>1,446</u>	<u>1,436</u>
Provision for deferred tax consists of		
Capital allowances in excess of depreciation	1,446	1,436
	<u>1,446</u>	<u>1,436</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 May 2011

13. CALLED UP SHARE CAPITAL

	2011 £'000	2010 £'000
Authorised 10,000,000 ordinary shares of £1 each	10,000	10,000
Called up, allotted and fully paid 4,260,526 ordinary shares of £1 each	4,261	4,261

14. STATEMENT OF MOVEMENT ON RESERVES

	Profit and loss account £'000
At 1 June 2010	15,911
Profit for the year	175
At 31 May 2011	16,086

15 RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

	2011 £'000	2010 £'000
Profit for the year	175	1,063
Net addition to shareholder's funds	175	1,063
Opening shareholder's funds	20,172	19,109
Closing shareholder's funds	20,347	20,172

16 LEASING COMMITMENTS

Annual commitments under operating leases were as follows

	Land and buildings 2011 £'000	Land and buildings 2010 £'000
Leases which expire Over five years	5,500	5,500
	5,500	5,500

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 May 2011

17. CAPITAL COMMITMENTS

At 31 May 2011 capital commitments contracted for but not provided were £147,000 (2010 £nil)

18. CONTINGENT LIABILITIES

There were no contingent liabilities at 31 May 2011 (2010 £nil)

19. RETIREMENT BENEFITS

Defined contribution schemes

The Deloitte LLP group, of which Deloitte MCS Limited is a wholly owned subsidiary, operated two main defined contribution schemes during the year for all employees aged 30 and over in which Deloitte MCS Limited participates. The assets of the scheme are held partly within the Money Purchase Section (MPS), the open section of the Deloitte UK Pension Scheme (DUKPS) and partly in the Deloitte Retirement Plan (DRP) a closed scheme. As of 31 May 2010 the Deloitte Retirement Plan members were transferred to the Retirement Plan section of the DUKPS. The group also operates a stakeholder arrangement which is available for all employees. A number of smaller closed pensions schemes, were also in operation during the year.

A salary sacrifice arrangement exists for each of the above schemes such that the employer contributions are increased to include what would otherwise be the members' contribution.

The total cost charged as an expense of £5,328,834 (2010 £3,384,320) represents contributions payable to these schemes by Deloitte MCS Limited. As at 31 May 2011, contributions of £397,655 (2010 £290,166) relating to May payroll deductions had not been paid over to the schemes but were paid in June 2011 in accordance with the scheme rules.

Defined benefit schemes

Deloitte MCS Limited is a participating employer in the Final Salary Section (FSS) of the Deloitte UK Pension Scheme. This defined benefit section of the scheme, which is closed to new members, is administered and funded on a group basis, with contributions made in accordance with the overall fund. It is not possible to identify the Deloitte MCS Limited assets and liabilities in the scheme on a consistent and reasonable basis. Therefore Deloitte MCS Limited has applied the provisions of FRS17 to account for the defined benefit scheme as if it were a defined contribution scheme and no net surplus or deficit has been recorded in Deloitte MCS Limited balance sheet.

The defined benefit scheme has a deficit of £121m as at 31 May 2011 (2010 £160m). Full details of the net liabilities of the total scheme and the assumptions used to determine this are included in note 10 to the accounts of Deloitte LLP.

Contributions made by Deloitte MCS Limited to the defined benefit scheme for the year ended 31 May 2011 were £791,802 (2010 £1,422,237). The agreed employer contribution rates for the three sub-sections of the FSS from 23 March 2010 until 30 September 2018 will be 17.8%, (previously 18.9%). These rates will be subject to annual review.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 May 2011

20. RELATED PARTY TRANSACTIONS

As a wholly owned subsidiary, the company has taken advantage of the exemption available under FRS 8 'Related Party Transactions' not to disclose related party transactions with fellow group entities

21. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate parent company is D&T Consulting Holdings Limited. The largest and smallest group for which consolidated financial statements are prepared is that headed by Deloitte LLP, the ultimate parent undertaking and controlling party, which consolidate the results of Deloitte MCS Limited. The financial statements of Deloitte LLP are publicly available and can be obtained from The Registrar of Companies, Companies House, Mandy, Cardiff.